

D.P.U. 97-65

Investigation by the Department of Public Utilities on its own motion to develop Model Terms and Conditions governing the relationship between distribution companies and customers (for the provision of distribution service, standard offer generation service, and default generation service) and governing the relationship between distribution companies and competitive suppliers.

NOTICE OF INQUIRY AND ORDER SEEKING COMMENTS ON MODEL TERMS AND
CONDITIONS FOR DISTRIBUTION COMPANIES

I. INTRODUCTION

In Massachusetts Electric Company (Phase II), D.P.U. 96-25, at 7 (1997), the Department stated that:

[C]ompanies that provide distribution services will need to submit terms and conditions that would govern their relationship with customers and competitive suppliers in the restructured electric industry. Because terms and conditions with both customers and suppliers for all companies are necessary before the retail access date, the Department finds that a generic proceeding rather than a company-specific proceeding is the most efficient way to establish a framework for these terms and conditions.

The purpose of this Notice of Inquiry ("NOI") is to develop Model Terms and Conditions governing the relationship between distribution companies and customers (for the provision of distribution service, standard offer generation service, and default generation service) and governing the relationship between distribution companies and competitive suppliers. This Order instituting the NOI contains proposed Model Terms and Conditions (Attachments I and II), that are designed to complement the Model Rules and directives contained in Electric Industry Restructuring Plan: Model Rules and Legislative Proposal, D.P.U. 96-100 (1996). It is the Department's intention to address technical issues, where possible and appropriate, prior to

legislative enactment of retail access, so as to minimize any delay in the implementation of a retail competitive market framework for electricity services that the Department might otherwise cause.

The ultimate decision whether to adopt retail choice remains with the Legislature. At this time, proposals are under consideration by the Legislature.

The Department intends that the Model Terms and Conditions developed through this proceeding will serve as the basis for the terms and conditions that will be submitted by each distribution company for Department review and approval. While distribution companies will not be precluded from proposing terms and conditions that vary from the Model Terms and Conditions to accommodate company-specific circumstances, the burden will be on the distribution companies to demonstrate the reasonableness of such modifications.

The Department believes that an NOI to establish Model Terms and Conditions will (1) allow a single forum for addressing terms and conditions that would govern the relationships in question, (2) provide companies and others with an effective vehicle for presenting consensus proposals, (3) minimize inconsistencies that may arise in individual company adjudications of terms and conditions, and (4) ensure that customers in Massachusetts enjoy terms and conditions that are, to the maximum extent possible, similar across distribution companies. Moreover, the

Department anticipates that this NOI will allow the Department to respond readily to any statutory requirements that may be directed by the Legislature.¹

II. DEPARTMENT DIRECTIVES AND MODEL RULES

A. Background

The Department established a proposed framework for a restructured electric industry, wherein we identified distribution companies as "the vital link between the competitive generation sector, the transmission grid, and each and every retail customer." Id. at 89. In D.P.U. 96-100, at 87-88, the Department stated that:

[A distribution company's] primary function will be to provide distribution service. Distribution companies will be responsible for operating the distribution systems through which all electricity will be delivered to consumers, regardless of whether the electricity was purchased through a competitive generation market or not Distribution companies also will be required to work closely with competitive suppliers of generation in the billing of consumers who are purchasing generation from these suppliers.

In addition to the above functions, the Department called for two types of generation service to be provided by distribution companies: (1) standard offer generation service ("standard offer service") and (2) default generation service ("default service"). Id. at 136, 139. As

¹ The Department notes that the Model Rules already establish the basic parameters of future terms and conditions and require that distribution companies develop terms and conditions consistent with the Department's Model Rules. The Department anticipates that during the transition from cost of service regulation to a fully competitive generation market, there will be many changes to terms and conditions to respond to developments such as hourly meters and competitive metering. Using Model Terms and Conditions rather than prescriptive rules will allow both the distribution companies and the Department to respond to such changes more quickly.

proposed, distribution company services are divided into functions that pertain to the distribution company's relationship to the retail customer and those that pertain to the distribution company's relationship to the competitive supplier.

B. The Distribution Company/Customer Relationship

The primary function of distribution companies in the restructured electric industry will be to provide distribution service. The Model Rules require that each distribution company file, for Department approval, terms and conditions that will govern the manner in which distribution service is provided to customers. D.P.U. 96-100, Appendix A, Model Rule ("Model Rule") § 11.04(3)(c). In D.P.U. 96-100, at 107-108, the Department stated that:

these terms and conditions, which should be similar to the terms and conditions currently on file at, and approved by the Department, primarily should address issues associated with the distribution company's physical assets (e.g., line extension policies, protection of the company's assets), payments of bills, and metering. However, the terms and conditions will need to include certain provisions that will be unique to the restructured electric industry. For example, distribution companies will play a key role in informing consumers about competitive suppliers registered in Massachusetts. The terms and conditions should describe the means by which this information will be disseminated to consumers. In addition, the terms and conditions should inform customers that distribution companies may not provide customers' billing information to competitive suppliers unless the customer has so authorized. Consistent with the principle that customers should be offered the broadest possible choices in generation, distribution companies must provide comparable distribution service to all consumers of electricity, in a non-discriminatory manner, regardless of the source of generation for a particular consumer.

In addition to providing distribution service, the distribution company must provide two supply options, standard offer service and default service. With regard to standard offer service, each distribution company will be required to make standard offer service available to each of its customers who, since the retail access date (i.e., the date on which a customer may choose a

competitive supplier), have not received generation service from a competitive supplier. Model Rule § 11.04(5)(b)1. The Model Rules state that "Standard Offer Service shall be available on a one-time basis to customers for a maximum of five years or otherwise determined after the Retail Access Date," and that any person or entity becoming a customer of a distribution company after the retail access date is not eligible for standard offer service. Model Rule § 11.04(5)(b)2. Finally, the Model Rules require that each distribution company file, for Department approval, (1) the prices that customers shall be charged for standard offer service during each year that this service is available, and (2) the terms and conditions that will govern standard offer service. Model Rules §§ 11.04(5)(b)3, 4.

In D.P.U. 96-100, at 137, the Department stated that the terms and conditions for standard offer service would not be prescribed in detail. Instead, each distribution company would have the flexibility to propose standard offer service that best suits its situation, consistent with the following guidelines: (1) customers receiving standard offer service will receive a single bill for electric service from their distribution company, reflecting unbundled charges for their electric service; (2) the price charged for standard offer service should initially be no higher than current levels; and (3) the provision of standard offer service must not result in additional stranded costs for distribution companies. Id. at 136-137. The Department added that distribution companies may propose that customers who receive generation from a competitive supplier "be allowed to return to standard offer service within a specified period, particularly during the first years of retail access." Id. at 138-139.

With regard to default service, the Department's Model Rules require that distribution

companies provide default service to all customers who, for whatever reason, are not receiving generation from a competitive supplier. Model Rule § 11.04(5)(c)1. Such service shall be provided until a customer receives generation from a competitive supplier. Id. Model Rule § 11.04(5)(c)4 states that the prices for default service shall reflect the average regional market prices for the relevant billing period. Finally, the Model Rules require that each distribution company file, for Department approval, the terms and conditions that will govern the manner in which default service is provided to its customers. Model Rule § 11.04(5)(c)3.

In D.P.U. 96-100, at 139, the Department stated that, because default service is intended to act as a temporary safety net for customers, it would be inappropriate to impose a restriction on the number of times a customer may exit and return to default service. However, companies may require customers to remain on default service for a minimum time period. Id. at 140.

C. Distribution Company/Competitive Supplier Relationship

Model Rule § 11.04(6)(b) states that each distribution company shall issue a single bill for electric service to all customers in its service territory, except that competitive generation customers may request that competitive suppliers provide separate bills for generation. Thus, a customer purchasing generation from a competitive supplier will have the option of either receiving a separate bill for generation from the competitive supplier or receiving a single electric bill from the distribution company for distribution service and for generation service on behalf of the competitive supplier. In order for competitive suppliers to issue separate bills for generation, distribution companies will need to provide information to the competitive suppliers regarding each customer's metered consumption. Alternatively, for distribution companies to bill for

generation on behalf of competitive suppliers, competitive suppliers will need to provide information to distribution companies regarding the price of the generation as agreed to by the competitive supplier and customer. In addition, distribution companies will need to specify the manner by which generation revenue will be transferred to competitive suppliers. Accordingly, Model Rule § 11.04(6)(c) states that:

Each Distribution Company shall file, for Department approval, terms and conditions that will govern the relationship between the Distribution Company and Competitive Suppliers providing Generation to consumers in the Distribution Company's service territory. These terms and conditions shall, at a minimum, describe the manner in which (i) the Distribution Company will provide consumers' metered electricity consumption data to Competitive Suppliers, (ii) Competitive Suppliers will provide Generation pricing information to the Distribution Company, and (iii) Generation revenue will be transferred from the Distribution Company to Competitive Suppliers, where the Distribution Company bills Competitive Generation Customers for Generation on behalf of Competitive Suppliers.

In D.P.U. 96-100, at 111, the Department stated that, consistent with the restructuring goal of providing customers with the broadest possible choice of suppliers of generation, these terms and conditions must be applied in a non-discriminatory manner to all competitive suppliers that have initially registered, and who remain in good standing, with the Department.

Model Rule § 11.05(2) requires that each competitive supplier register with the Department before initiating the provision of generation service to customers. The Model Rules further provide a range of sanctions whereby a competitive supplier may lose its registered status for misconduct. Model Rule § 11.05(7).² Distribution companies may not do business with an

² Model Rule § 11.05(7) states that:

Each Competitive Supplier . . . shall be subject to a range of sanctions for violations of the Department's billing regulations (when directly issuing bills to

unregistered competitive supplier. Should a sanction be imposed upon a competitive supplier, the Department must inform distribution companies of the action taken and, in turn, each distribution company would be required to inform all of that competitive supplier's customers of the Department's action. Finally, Model Rule § 11.05(4) establishes the procedures by which customer authorization for switching competitive suppliers shall be obtained.

III. THE MODEL TERMS AND CONDITIONS

In this proceeding, the Department seeks to develop Model Terms and Conditions that complement the Model Rules and directives proposed in D.P.U. 96-100 and that could be adopted quickly in response to a legislative decision to pursue retail access. The Department has attached proposed Model Terms and Conditions to this Order to serve as a basis for comment in this proceeding. Attachment I contains the draft Model Terms and Conditions that would apply to distribution companies in their provision of distribution service, standard offer service, and default service. It is based largely on a generic set of terms and conditions that were developed jointly by the Department and the electric companies in docket D.P.U. 91-14 but never issued. Attachment II contains the draft Model Terms and Conditions that would govern the relationship between distribution companies and competitive suppliers. It is based largely on Massachusetts

customers) and Competitive Supplier requirements In the case of egregious conduct or a pattern of misconduct, the Department may determine that a Competitive Supplier is on probation or no longer in good standing with the Department Distribution companies may do business (i.e., provide to the Competitive Supplier . . . the customer consumption information necessary for the Competitive Supplier to do billing) only with Competitive Suppliers on the list of approved Competitive Suppliers maintained by the Department.

Electric Company's ("MECo") and Eastern Electric Company's ("EECo") filings in D.P.U. 96-25 and D.P.U. 96-24, respectively.

IV. DEPARTMENT QUESTIONS ON THE MODEL TERMS AND CONDITIONS

We invite written comment generally, as discussed in Section V below, on the proposed Model Terms and Conditions. In addition, the Department requests answers to the following questions:

Questions (1) through (7) refer to the Terms and Conditions for distribution service, standard offer service, and default service.

(1) Section II.2B, Method of Application, states that a distribution company will accept oral application for service by a prospective customer. Should competitive suppliers be allowed to apply for distribution service on a customer's behalf? Would precluding competitive suppliers from doing so interfere with development of a fully competitive market?

(2) Section II.5C, Changing Competitive Suppliers, states that a distribution company will charge a fee for an off-cycle meter read needed to facilitate a customer request to change competitive suppliers. In addition, Section II.5C states that a distribution company will charge an administrative fee for accommodating a customer request to change competitive suppliers on a regular billing cycle date. Should the distribution company be permitted to charge a fee for either service? If so, how should the amount of these fees be determined?

(3) Section III.4B, Termination of Standard Offer Service provides two options for determining a customer's electricity consumption if the customer requests termination of standard offer service prior to the next scheduled meter read: (a) prorating the metered consumption from the date of the previous meter read to the date of the next meter read, for which there would be no fee; and (b) off-cycle meter read, for which a fee would be charged. Are these options appropriate? Are there other options that the Department should consider for determining a customer's electricity consumption?

(4) Sections IV.2B and IV.5B, Initiation of Default Service and Termination of Default Service, respectively, provide the same two options for a customer requesting initiation and termination of default service prior to the next scheduled meter read as discussed in question (3), above. Are these options appropriate? Are there other options that the Department should consider for determining a customer's electricity consumption? Should there be a distinction between the treatment of standard offer service and default service?

(5) Sections IV.2B and IV.5B, Initiation of Default Service and Termination of Default Service, respectively, provide that there would be no fee for initiating or terminating default

service, except for a fee for unscheduled meter reads. Is this appropriate? Should customers be charged an administrative fee for initiating and/or terminating default service? If so, why? If such a fee is appropriate, how should its value be determined?

(6) Section IV.2C, Initiation of Default Service, states that, if a customer is involuntarily switched to default service, (a) the distribution company shall prorate the customer's consumption, (2) there shall be no fee for initiating default service in this manner. Are there other options that the Department should consider for determining a customer's electricity consumption in these instances? Should customers be charged an administrative fee if they are involuntarily switched to default service?

(7) Section IV.3, (Default Service) Rates, provides for three options for billing for default service: (1) the default option is for monthly averaging of spot market prices; (2) quarterly averaging; or (3) annual averaging. Are these options appropriate? Do they adequately address concerns regarding the volatility of spot market prices? Are there other options that the Department should consider?

Questions (8) through (15) refer to the Terms and Conditions for competitive suppliers.

(8) Section 3B, Distribution Company, states that distribution companies shall arrange for network transmission service when appropriate. Please indicate when this may be appropriate. Should competitive suppliers or customers be allowed to arrange for transmission service themselves? What should the Department's role be, if any, in determining the transmission rates that will appear on customers' bills? Should suppliers be permitted to include transmission costs in the prices that they charge their customers, without Department approval?

(9) Section 3C, Competitive Supplier, states that a competitive supplier shall be responsible for providing firm, all-requirements service to each customer. Are the terms "firm" and "all-requirements" inconsistent with the services that may be provided in a competitive market? For example, should a competitive supplier be allowed to provide interruptible service, rather than firm service? If so, how would interruptible service be implemented? Would all-requirements mean that only one competitive supplier would be allowed to serve a meter? Could two suppliers serve a single meter? How?

(10) Section 3C, Competitive Supplier, states that a competitive supplier must provide, to a distribution company, a customer's account number and type of customer authorization in order to confirm that the customer has consented to take service from the supplier. Is this an adequate protection against unauthorized switching of customers? Should the Department require direct authorization from customers?

- (11) Referring to Section 4B, Authorization to Release Customer Information, should a distribution company be allowed to charge competitive suppliers a fee for providing billing or other information about customers? If so, how should that fee be determined?
- (12) Referring to Section 5A, Standard Passthrough Billing Service, should a distribution company be permitted to charge a fee for providing meter data to competitive suppliers for the purposes of separate billing? How should this fee be determined?
- (13) Referring to Section 5B, Standard Complete Billing Service, should distribution companies be permitted to charge for providing combined billing services to competitive suppliers? How should this fee be determined?
- (14) Section 6C, Losses, states that distribution companies shall be responsible for transmission and distribution line losses. Is this appropriate? Is it consistent with the NEPOOL Open Access Transmission Tariff and/or with the Restated NEPOOL Agreement? Would it be more appropriate to have competitive suppliers be responsible for distribution and/or transmission line losses?
- (15) Section 8, Determination of Hourly Loads, states that hourly load estimates for competitive suppliers shall be determined using load profiles developed by each distribution company for its customer classes. Is this an acceptable method to determine hourly loads? Are there other methods that would be more consistent with a competitive market? What should the Department's role be in the determination of load profiles? For example, should the Department adjudicate each distribution company's load profiles, either separately or jointly? Would this need to be completed before the Retail Access Date? ³

IV. PUBLIC PARTICIPATION

The Department invites all interested persons to file comments and/or proposed model terms and conditions. The Department anticipates that numerous commenters will be interested in this proceeding. To allow all viewpoints to be heard, the Department adopts the following procedure. First, initial written comments in response to this NOI should be filed by July 11, 1997. The Department has scheduled hearings on these Model Terms and Conditions during the

³ Each electric company must file with the Department a company-specific load profile for each class of customers that would be used to develop the determination of hourly loads, along with its distribution company's terms and conditions for competitive suppliers.

weeks of July 28-August 1 and August 4-8, 1997. Persons wishing to present oral comments at the hearings must indicate who will comment, on what issues and the appropriate time needed by July 11, 1997. Following these hearings, a second round of written comments may be filed with the Department by August 22, 1997. Commenters are encouraged to present proposals reflecting consensus positions.

All comments exceeding 20 pages in length must be accompanied by an executive summary. Comments may not exceed 50 pages in length. Commenters must, whenever possible, file comments on a 3.5" diskette formatted in WordPerfect 5.1 or higher. One original and 11 copies of all comments should be filed with Mary L. Cottrell, Secretary, Department of Public Utilities, 100 Cambridge Street, Boston, Massachusetts 02202. A copy of the comments will be available for public inspection at the Department's offices during business hours. In addition, the comments will be posted on the Department's website at <http://www.magnet.state.ma.us>. Copies of the comments also may be purchased from the Department.

VI. ORDER

Accordingly, the Department hereby

VOTES: To open an inquiry into developing Model Terms and Conditions governing the relationship between distribution companies and customers and governing the relationship between distribution companies and competitive suppliers; and it is

ORDERED: That within seven days of the date of this Order, the Secretary of the Department shall publish the accompanying Order of Notice in all statewide and regional newspapers of daily circulation within the Commonwealth; and it is

FURTHER ORDERED: That the Secretary of the Department shall serve a copy of this Order on the D.P.U. 96-100 and D.P.U. 96-25 service lists by mail; and it is

FURTHER ORDERED: That on the date of issuance of this Order, the Secretary of the Department shall serve the accompanying Order of Notice on the D.P.U. 96-100 and D.P.U. 96-25 service lists by fax; and it is

FURTHER ORDERED: That within seven days of the date of this Order, the Secretary of the Department shall make available a copy of this document at our website, <http://www.magnet.state.ma.us>. The file is named 97-65NOL.PDF.

By Order of the Department,

John B. Howe, Chairman

Janet Gail Besser, Commissioner

ATTACHMENT I: DRAFT MODEL TERMS AND CONDITIONS FOR DISTRIBUTION SERVICE, STANDARD OFFER SERVICE, AND DEFAULT SERVICE

I. GENERAL

1. Provisions

The following terms and conditions ("Terms and Conditions") shall be a part of each Rate Schedule of _____ ("Company") now or hereafter in effect except as they may be expressly modified by special contract or a particular Rate Schedule, or superseded by order or regulations of the Massachusetts Department of Public Utilities ("MDPU"). If there is a conflict between the orders or regulations of the MDPU and these Terms and Conditions, the orders or regulations of the MDPU shall govern. The headings used in these Terms and Conditions are for convenience only and shall not be construed to be part of, or otherwise to affect, these Terms and Conditions.

2. Definitions

2A. Customer

The provisions of these Terms and Conditions apply to all persons, partnerships, corporations or any other entities whether public or private (hereinafter "Customers" or the "Customer") who obtain Distribution Service from the Company under the Schedule of Rates. The mere fact that a person or entity benefits from the provision of service does not make that person or entity a Customer of the Company.

2B. Competitive Supplier

A Competitive Supplier is any entity, including an aggregator, engaged in generating, buying, marketing, or brokering electricity and selling it to retail customers in Massachusetts, with the exception of a Distribution Company providing Standard Offer Service and Default Service to its Customers.

2C. Retail Access Date

Retail Access Date shall mean the date on which retail consumers of electricity are first provided the opportunity to purchase generation from Competitive Suppliers.

3. Other Supply Provisions

In the event that a Customer not receiving Standard Offer Service does not have a registered all-requirements Competitive Supplier for any reason, or if the registered Competitive Supplier fails

to provide sufficient generation service to meet the Customer's entire requirements, or the Customer has been denied service by Competitive Suppliers, the Company will provide Default Generation Service for the Customer.

II. DISTRIBUTION SERVICE

1. Rates and Tariffs

1A. Schedule of Rates

The Company furnishes its various services under rates and/or special contracts ("Schedule of Rates") promulgated in accordance with the provisions of G.L. c. 164, and MDPU decisions, orders, and regulations. Such Schedule of Rates, which includes these Terms and Conditions, is available for public inspection during normal business hours at the business offices of the Company and at the offices of the MDPU.

1B. Amendments; Conflicts

The Schedule of Rates may be revised, amended, supplemented or supplanted in whole or in part from time to time according to the procedures provided in G.L. c. 164, §§ 93, 94. When effective, all such revisions, amendments, supplements, or replacements will appropriately supersede the existing Schedule of Rates. If there is a conflict between the express terms of any rate schedule or special contract approved by the MDPU and these Terms and Conditions, the express terms of the rate schedule or special contract shall govern.

1C. Modification by Company

No agent or employee of the Company is authorized to modify orally any provision or rate contained in the Schedule of Rates or to bind the Company to any oral promise or representation contrary thereto. Any modification to the Schedule of Rates or any promise contrary thereto shall be in writing, duly executed by an authorized officer of the Company, subject in all cases to applicable statutes and to the orders and regulations of the MDPU.

1D. Selection of Correct Rate

The Company shall provide notice regarding its rate schedules annually to all Customers. The Company shall advise each new residential Customer of the least expensive rate available for Distribution Service based on information in the Company's records. Each new non-residential Customer shall be advised of the least expensive rate for Distribution Service based on available information in the Company's existing records or as a result of a

field inspection by the Company when the Customer provides information that is inconsistent with the Company's records. Each Customer is responsible for accurately describing their electrical needs and equipment and updating the Company as changes occur. Each Customer is entitled to change from one applicable Distribution Service rate schedule to another upon written application to the Company. Any Customer who has changed from one Distribution Service rate to another may not change again within one (1) year or any longer period as specified in the rate under which the Customer is receiving electric service. A change in rate that is requested by the Customer will not necessarily produce a retroactive billing adjustment.

2. Obtaining Service from the Company

2A. Place for Making Application

Application for Distribution, Default, Standard Offer, or any other service offered by the Company will be received at any business office or through any duly authorized representative of the Company. Prior to commencing Distribution Service, each Customer must either procure Generation Service from a registered Competitive Supplier in accordance with the Company's Terms and Conditions for Competitive Suppliers, or initiate Default Service with the Company in accordance with Section IV.2, below.

2B. Method of Application

Unless the requirement of a written application is approved by the MDPU Consumer Division, the Company shall accept oral application by a prospective Customer for residential service, except as noted in Section II.2C, below. Application for non-residential service may, at the Company's option, be in writing on forms provided by the Company and payment of deposit shall be made if applicable and in accordance with 220 C.M.R. § 26.00. When a written application for non-residential service is required, such service shall not commence until the Company has received written application, except that service may temporarily be provided for an interim period not to exceed ten (10) working days pending the receipt of a duly executed written application for service. No agent or employee of the Company is authorized to modify orally any provisions of such written application or to bind the Company to any promise or representation contrary thereto except in writing by a representative authorized by the Company.

2C. Written Application

In the event that an oral application for service is received by the Company from a person not currently a Customer of Record of the Company at a location where service is scheduled to be disconnected for non-payment or is currently disconnected for non-payment, the Company may request that application be made in writing at any

business office of the Company as a precondition for service. The Company reserves the right to refuse service, at any location, to an applicant who is indebted to the Company for any service furnished to such applicant. However, the Company shall commence service if the applicant has agreed to a reasonable payment plan.

2D. Description of Service Offered

Upon receipt of an application from each prospective Customer setting forth the location of the premises to be served, the extent of the service to be required, and any other pertinent information requested by the Company, the Company will advise the Customer of the type and character of the service it will furnish, under the applicable Rate Schedule, the point at which service will be delivered and, if requested, the location of the Company's metering and related equipment.

2E. Term of Customer's Obligation to Company

Each Customer shall be and remain the Customer of Record and shall be liable for service taken until such time as the Customer requests termination of Distribution Service and a final meter reading is recorded by the Company. The bill rendered by the Company based on such final meter reading shall be payable upon receipt. Such meter reading and final bill shall not be unduly delayed by the Company. In the event that the Customer of Record hinders the Company's access to the meter or fails to give notice of termination of Distribution Service to the Company, the Customer of Record shall continue to be liable for service provided until the Company either disconnects the meter or a new party becomes a Customer of the Company at such service location.

2F. Notice to Landlords

On an annual basis, the Company shall notify each Customer that any owner of rental property within the Company's service territory may have service transferred automatically into the owner's name in the event that the Customer of Record (tenant) moves out and a new Customer has not applied for Distribution Service. Otherwise, the automatic transfer of service will not occur unless a tenant moves out and the Company has a form signed by the owner or other written authorization on file. The signed form or other written authorization shall be effective without renewal until revoked by the owner. The Company may at its option terminate the service unless authorization from the owner has been received.

2G. Seasonal Residential Service (MDPU Approval Required)

Only the owner of the premises to be served may be the Customer of Record unless the tenant provides a signed lease or other evidence demonstrating occupancy for at least a

six-month period. Once accepted by the Company as Customer of Record, the applicant shall assume all obligations set forth herein with respect to the service.

3. Security Deposits

3A. Non-Residential Accounts

Subject to law and the applicable regulations of the MDPU, security deposits may only be required from new non-residential accounts; or from non-residential accounts for service of a similar character, at any location, under any name, if this service has been properly terminated during the last eighteen months due to non-payment; or if a non-residential account has failed to pay during the same 18-month period at least two bills, not reasonably in dispute, within forty-five days from the date of receipt of each such bill. The maximum amount of any security deposit required shall not exceed the equivalent of two months' average use, or the use for any one month whichever is greater. If actual use information is not available, the Company, with the aid of the Customer, shall estimate an average 12 months consumption upon which to base the amount of the security deposit in accordance with 220 C.M.R. § 26.03.

3B. Termination of Service

The Company may terminate any Non-residential Customer's Distribution Service if a security deposit authorized by Section II.3A, above, is not made in accordance with the provisions outlined in 220 C.M.R. § 26.08.

3C. Refund of Deposit; Interest

The security deposit, plus any accrued interest not previously credited to the account, shall be refunded without request if the Customer has paid all bills for use for any 24-month period from the date of deposit and without leaving such bills unpaid within 45 days of receipt of each bill. Interest will accrue on all deposits paid by check, cash or money order and held over six months at a rate equivalent to the rate paid on a two-year United States Treasury note for the preceding calendar year, or as otherwise determined by 220 C.M.R. § 26.09.

4. Service Supplied

4A. Delivery Point and Metering Installation

The Company shall furnish and install, at locations it designates, one or more meters for the purpose of measuring the electricity delivered. Except as specifically provided by a given rate, all rates in the Schedule of Rates are predicated on service to a Customer at a

single delivery point and metering installation. Where service is supplied to an account at more than one delivery point or metering installation, each single point of delivery or metering installation shall be considered to be a separate account for purposes of applying the Schedule of Rates, except in the following instances: if a Customer is served through multiple points of delivery or metering installations for the Company's own convenience; if otherwise approved by the MDPU; or if the Customer applies to the Company and the use is found to comply with the availability clauses in the Schedule of Rates.

4B. Conditions for Customer Payment

The Company reserves the right to reject any application for Distribution Service if the amount or nature of the service applied for, or the distance of the premises to be served from existing suitable transmission or distribution facilities, or the difficulty of access thereto is such that the estimated income from the service applied for is insufficient to yield a reasonable return to the Company, unless such application is accompanied by a cash payment or a guarantee of a stipulated revenue for a definite period of time, or both, at the option of the Company, satisfactory to the Company in the exercise of reasonable judgment. The Company will provide a cost estimate for the requested service based on current policies for the line and service extension. A written cost estimate, sufficient to justify all expenses to be charged to the Customer, shall be provided to the Customer upon request.

4C. Unusual Load Characteristics

The Company may, in the exercise of reasonable judgment, refuse to supply service to loads having unusual characteristics that might adversely affect the quality of service supplied to other Customers, the public safety, or the safety of the Company's personnel. In lieu of such refusal, the Company may require a Customer to install any necessary operating and safety equipment in accordance with requirements and specifications of the Company provided such installation does not conflict with applicable Municipal, State and/or Federal law.

4D. Temporary Use

Where Distribution Service under the Schedule of Rates is to be used for temporary purposes only, the Customer may be required to pay the cost of installation and removal of equipment required to render service in addition to payments for electricity. Payment of such costs of installation and removal of equipment shall be required in advance of any construction by the Company. If any such installation presents unusual difficulties as to metering the service supplied, the Company may estimate consumption for purposes of applying the Schedule of Rates. In addition, the Customer shall be subject to applicable regular Distribution Service and, if applicable, Default Service rates.

4E. Power Factor

Except as may otherwise be provided in a specific rate, any Customer taking service is expected to maintain a power factor of not less than 80 percent. The Company may require any Customer not satisfying this power factor requirement to furnish, install, and maintain, at no cost to the Company, such corrective equipment as the Company may deem necessary under the circumstances. Alternatively, the Company may elect to install such corrective equipment at the Customer's expense.

5. Billing and Metering

5A. Billing Period Defined

The basis of all charges is the billing period, defined as the time period between two consecutive regular monthly meter readings or estimates of such monthly meter readings. The standard billing period is 30 days. In the event that a period between bills is less than 26 days or more than 34 days, billing will be prorated by the Company to reflect a 30-day billing period. Bills will be rendered once each billing period unless otherwise approved by the MDPU.

5B. Actual Meter Readings; Estimates

The Company shall make an actual meter reading at least every other billing period. If a meter is not scheduled to be read in a particular month, or if the Company is unable to read the meter when scheduled for any of the reasons set forth in 220 C.M.R. § 25.02, or if the meter for any reason fails to register the correct amount of electricity supplied or the correct demand of any customer for a period of time, the Company shall make a reasonable estimate of the consumption of electricity during those months when the meter is not read, based on available data, and such estimated bills shall be payable as rendered.

5C. Changing Competitive Supplier

The Company shall reasonably accommodate a Customer request to perform an off-cycle meter reading to facilitate a Customer request to change Competitive Suppliers, for which the Customer will be charged a fee pursuant to Section II.10, below. The Company also shall reasonably accommodate a Customer request to switch registered Competitive Suppliers on a regular billing cycle date, for which the Customer will pay an administrative fee pursuant to Section II.10, below.

5D. Optional Customer Meter Readings

Any Customer who would otherwise receive an estimated bill pursuant to Section II.5B, above, may elect to receive a bill based on a Customer meter reading by reading his/her meter on the date prescribed by the Company, recording the meter reading accurately on an appropriate form that will be furnished by the Company upon request of the Customer, and, within 24 hours, either calling the appropriate telephone number provided by the Company to report the reading or mailing the completed meter reading form to the Company.

5E. Bills; Time of Payment

Unless otherwise specified, bills of the Company are payable upon receipt and may be paid at any business office of the Company or at any authorized collector or agent. Bills shall be deemed paid when valid payment is received at any of these identified payment locations. Bills shall be deemed rendered and other notices duly given when delivered to the Customer personally or three days following the date of mailing to the mailing address, or to the premises supplied, or the last known address of the Customer. The address and telephone number of the MDPU's Consumer Division shall appear on each residential bill rendered by the Company for electric service. Customer payment responsibilities with Competitive Suppliers shall be governed by the particular Customer/Competitive Supplier contract.

5F. Past Due Bills

Any Bill rendered to a residential Customer on a monthly basis for which valid payment has not been received within either 45 days from the date rendered, or for a period of time greater than has elapsed between the rendering of such bill and the rendering of the most recent previous bill, whichever period is greater, shall be considered past due.

5G. Interest on Past Due Non-Residential Accounts

A Distribution Service, Standard Offer, or Default Service bill rendered to a non-residential Customer on a monthly basis for which valid payment has not been received within 25 days from the date rendered shall be considered past due and bear interest on any unpaid balance, including any outstanding interest charges. Such interest rate shall be at a rate no higher than the rate paid on two-year United States Treasury notes for the preceding 12 months ending December 31 of any year, plus 10 percent, i.e. 1000 basis points, or as otherwise determined by 220 C.M.R. § 26.10. Such interest charge shall be paid from the date thereof until the date of payment with the exception that

any electric service bills rendered to the Commonwealth of Massachusetts, or any agency, city, town, county or political subdivision thereof shall not bear such interest charge until 55 days shall have elapsed from the date of such bill.

5H. Access to Meters

A properly identified and authorized representative of the Company shall have the right to gain access at all reasonable times and intervals for the purpose of reading, installing, examining, testing, repairing, replacing or removing the Company's meters, meter reading devices, wires, or other electrical equipment and appliances, or of discontinuing service, in accordance with the applicable General Laws, MDPU regulations, and Company policy in effect from time to time, and the Customer shall not prevent or hinder the Company's access.

5I. Diversion and Meter Tampering

If a Customer receives unmetered service as the result of any tampering with the meter or other Company equipment, the Company shall take appropriate corrective action including, but not limited to, making changes in the meter or other equipment and rebilling the Customer. The Customer may be held responsible to the Company for any use of electricity that occurs beyond the point of the meter installation.

5J. Returned Check Fee

The Company may assess a returned check fee pursuant to Section II.10, below, to any Customer whose check made payable to the Company is dishonored by any bank when presented for payment by the Company. Receipt of a check or money order which is subsequently dishonored shall not be considered valid payment.

5K. Collection of Taxes

The Company shall collect all sales, excise, or other taxes imposed by governmental authorities with respect to the delivery of electricity or sale of electricity under Default or Standard Offer Service. The Customer shall be responsible for identifying and requesting any exemption from the collection of the tax by filing appropriate documentation with the Company.

6. Discontinuance of Service

6A. Grounds for Discontinuance

The Company may discontinue Distribution Service and/or remove its equipment from any

Customer's premises if the Customer fails to comply with the provisions of the Schedule of Rates or any supplementary or special agreement entered into with the Company, subject to any applicable billing and termination procedures of the MDPU. The Company may also discontinue Distribution Service and remove its equipment from the Customer's premises in case of violation of any applicable General Laws, local ordinances or bylaws, or government regulations. The Company may assess an Account Restoration Charge pursuant to Section II.10, below, upon such discontinuance of service. Payment of any Account Restoration Charge assessed pursuant to Section II.10 may be required as a precondition to restoration of service.

6B. Discontinuance for Unsafe Installation

The Company reserves the right to disconnect its Distribution Service at any time without notice, or to refuse to connect its service, if to its knowledge or in its judgment the Customer's installation is unsafe or defective or will become unsafe imminently. Distribution Service may not be resumed until the local wiring inspector approves the installation. The Company shall make a reasonable effort to notify each Customer prior to such discontinuance of Distribution Service, and in any event shall provide written notice to the Customer of the reason for discontinuance of service and the actions required for resumption of service.

6C. Customer Notice of Termination

The Customer shall be responsible for all charges for service furnished by the Company under the applicable rates as filed from time to time with the MDPU, from the time service is started until it is finally terminated. A Customer who gives at least three (3) business days notice of termination will not be held responsible for charges for service furnished after the requested termination date unless, through fault or neglect of such Customer, the Company is unable to terminate the service, or the Customer is a landlord and the Company is required to comply with the billing and termination regulations of the MDPU.

7. Customer's Installation

7A. Permits

The Company shall make application within a reasonable time period for any necessary locations or street permits required by public authorities for the Company's lines, poles, and other apparatus. The Company shall make Distribution Service available within a reasonable time after such permits are granted. The applicant for Distribution Service shall obtain all other permits, inspections, reports, easements, and other necessary approvals and submit them in writing to the Company. The Company shall not be required to commence or continue service unless and until the Customer has complied

with all valid requirements of any governmental authority and any Company requirement approved by the MDPU regarding the use of electricity on the premises (e.g., certificate, permit, license, or right-of-way). Such valid regulatory or Company requirements for such Distribution Service shall terminate any contract then existing for such service without any liability on the Company for breach of such contract or failure to furnish Distribution Service.

7B. Notice of Equipment Changes

The Customer shall notify the Company in writing before making any significant change in the Customer's electrical equipment if the change could affect the capacity or other characteristics of the Company's facilities required to serve the Customer. The Customer shall be liable for any damage to the Company's facilities caused by any addition or change if made without prior notification to the Company. The Company shall provide annual information to its Customers on general types of additions or changes that could affect the capacity or other characteristics of the Company's facilities.

7C. Separate Service

The Company shall not be required to install a separate service or meter for a garage, barn, or other out-building if located such that the garage, barn, or other out-building may readily be supplied through a service and meter in the main premises.

7D. Information and Requirements for Electric Service

The Customer's installation shall conform to the requirements of the Company's Standards for Interconnection and/or such further requirements as the Company may promulgate from time to time, as appropriate. Copies of such requirements are available from the Company's business office. If the Customer has apparatus for the generation of electricity, the wiring may not be configured to allow interconnection with the Company's service unless the Customer has obtained the Company's prior written consent in each case.

7E. Suitability of Equipment

All of the Customer's apparatus shall be suitable for operation with the service supplied by the Company. The Customer shall not use the service supplied for any purpose, or with any apparatus, that would cause a disturbance to any part of the Company's system sufficient to impair the service rendered by the Company to its other Customers.

7F. Service in Public or Private Ways

The Customer may not install, own, or maintain conductors across or in the public way or any recorded private way without, in each case, complying with all applicable safety and siting requirements and informing the Company.

8. Company's Installation

8A. Service Connection

The Company shall furnish to any person detailed information on the method and manner of making service connections upon request. Such detailed information will include a copy of the Company's Information and Requirements Booklet, a description of the service available, connections necessary between the Company's facilities and the Customer's premises, location of entrance facilities and metering equipment, and Customer and Company responsibilities for installation of facilities.

8B. Interference with Company Property

All meters, services, and other electric equipment owned by the Company, regardless of location, shall be and will remain the property of the Company; and no one other than an employee or authorized agent of the Company shall be permitted to remove, operate, or maintain such property. The Customer shall not interfere with or alter the meter, seals or other property used in connection with the rendering of service or permit the same to be done by any person other than the authorized agents or employees of the Company. The Customer shall be responsible for all damage to or loss of such property unless occasioned by circumstances beyond the Customer's control. Such property shall be installed at points most convenient for the Company's access and service and in conformance with public regulations in force from time to time. The costs of relocating such property shall be borne by the Customer when done at the Customer's request, for the Customer's convenience, or if necessary to remedy any violation of law or regulation caused by the Customer.

8C. Protection of Company's Equipment

The Customer shall furnish and maintain, at no cost to the Company, the necessary space, housing, fencing, barriers, and foundations for the protection of the equipment to be installed upon the Customer's premises, whether such equipment is furnished by the Customer or the Company. If the Customer refuses, the Company may at its option charge the Customer for furnishing and maintaining the necessary protection of the

equipment. Such space, housing, fencing, barriers and foundations shall be in conformity with applicable laws and regulations and subject to the Company's specifications and approval.

8D. Meter Accuracy

The Company shall maintain the accuracy of all metering equipment installed pursuant hereto by regular testing and calibration in accordance with recognized standards. A meter which does not vary more than 2 percent above or below the recognized comparative standard shall be considered accurate. After a thorough investigation by the Company, a Customer may ask the Company to test the accuracy of any of its metering equipment installed upon the Customer's premises. Any such test shall be conducted according to the standards as established in G.L. c. 164, § 103. Subsequent requests for testing the said meter shall be subject to individual review by the Company. The Company may, at its option, and with proper pre-notification to Customers assess a fee for any subsequent testing pursuant to G.L. c. 164, § 114. If the meter does not register accurately upon subsequent testing, the assessed fee will be returned to the Customer.

8E. Unauthorized Use or Unsafe Conditions

If the Company finds an unauthorized use of electricity, the Company may make such changes in its meters, appliances, or other equipment or take such other corrective action as may be appropriate to ensure only the authorized use of the equipment, and the Company's installation and also to ensure the safety of the general public. Upon finding an unauthorized use of electricity, the Company may terminate the service and assess reasonable estimated service charges as well as all costs incurred in correcting the condition. Nothing in this paragraph shall be deemed to constitute a waiver of any other rights of redress which may be available to the Company or the Customer, or to limit in any way any legal recourse which may be open to the Company including, without limitation, G.L. c. 164, §§ 126, 127 and 127A.

8F. Underground Surcharge

In the event that a municipality within which the Company furnishes Distribution Service votes to adopt a bylaw or ordinance forbidding new installation of overhead transmission or distribution facilities or requiring removal of existing facilities, the Company may charge its Customers within such a municipality a differential in rates or a billing surcharge, as appropriate, in accordance with G.L. c. 166, §§ 22D, 22L, 22M and relevant Company policies approved by the MDPU.

9. Company Liability

[Please propose language for each of the following subheadings.]

- 9A. Emergency Interruption of Service
- 9B. Planned Interruption of Service
- 9C. Non-Performance Due to Force Majeure
- 9D. Disclaimer of Warranties
- 9E. Responsibility of Parties

10. Schedule of Charges

The Company reserves the right to impose reasonable fees and charges pursuant to the various provisions of these Terms and Conditions. Said fees and charges shall be set forth in Appendix A to these Terms and Conditions, as on file with the MDPU.

11. Line Extension Policy

The Company's line extension policy is included in Appendix B. In the event of any discrepancy between this summary and the line extension policy, the policy shall govern. A summary of the Company's line extension policy follows. The policy shall address the following:

- (a) For overhead service, the number of poles and spans of wire that are provided by the Company without cost to the Customer. Also, any dollar limits on the Company's investment that are provided without cost to the Customer.
- (b) Who will own the materials used to provide the Customer power after installation and who will maintain them.
- (c) The Company's policy regarding easements and permits.
- (d) When a Customer payment contribution is required, how it is to be determined, including any formula used and tax implications.
- (e) A complete description of any rebate policy for Customers including any time limit on the rebate. A rebate may be offered in the event that a new residential Customer is supplied from facilities previously constructed by

the Company and a Customer payment contribution was required.

- (f) What work is the Company's responsibility and what work is the Customer's responsibility. Include any exceptions that may exist.
- (g) When service is provided and any policy requiring the Customer to guarantee to take service for any length of time.
- (h) The Company's policy on tree trimming and removal in a public way and on a private way.
- (i) State any time of year when the Company will not extend service, then state time period.
- (j) Any different line extension policy for developers, or for other non-residential Customers. Please describe the policies clearly and completely.
- (k) Any policies regarding underground service.
- (l) Customer's responsibility to conform to town code requirements and Company code requirements.
- (m) Conditions under which Company will refuse to extend service.

III. STANDARD OFFER GENERATION SERVICE

1. Availability

1A. Standard Offer Service shall be available to any Customer who was a Customer of Record as of the Retail Access Date and who, since the Retail Access Date, has not received Generation Service from a Competitive Supplier. Standard Offer Service shall be available for a maximum of five years after the Retail Access Date, unless otherwise approved by the Department.

1B. Any Customer who contracts with a Competitive Supplier is no longer eligible to receive Standard Offer Service. Any Customer who opens a new account with the Company after the Retail Access Date is not eligible for Standard Offer Service.

2. Rates

The rates for Standard Offer Service during each year that this service is available shall be at levels approved by the MDPU.

3. Billing

Each Customer receiving Standard Offer Service shall receive one bill from the Company, reflecting unbundled charges for their electric service. Provisions of Section II.5A-F, above, shall apply.

4. Termination of Standard Offer Service

4A. Next Scheduled Meter Read

Standard Offer Service may be terminated by a Customer upon the next scheduled meter read provided that notice of the change of Competitive Supplier is received by the Company, in accordance with Sections II.2A-C, above, five (5) or more business days before the next scheduled meter read date. There shall be no fee for terminating Standard Offer Service if such notice is given.

4B. Prior to Next Scheduled Meter Read

Standard Offer Service may be terminated by a Customer prior to the next scheduled meter read, in accordance with Sections II.2A-C, above. Unless otherwise notified, the Company shall determine the Customer's electricity consumption from the date of the previous meter read to the date of termination of Standard Offer Service by prorating the Customer's metered consumption from the date of the previous meter read to the date of the next meter read. There shall be no fee for terminating Standard Offer Service in this manner. Alternatively, a Customer may request that the Company perform an unscheduled meter read, for which the Customer will be charged a fee pursuant to Section II.10, above. Under either alternative, the Company shall terminate Standard Offer Service within five (5) business days of the notice of termination.

[Each Company has the option to include the following provision.]

5. Return to Standard Offer Service

For the first year after the Retail Access Date, Residential and Small General Customers that have received Generation Service from a Competitive Supplier may elect to return to Standard Offer Service, on a one-time basis, by so notifying the Company within 90 days of the date when the Customer began to receive Generation Service from a Competitive Supplier. Customers who seek to return to Standard Offer Service must provide notice to the Company, in accordance with Sections II.2A-C, above, five (5) or more business days before the next scheduled meter read date so that the return to Standard Offer Service may be accommodated on the next scheduled meter read date. There shall be no charge for returning to Standard Offer Service.

IV. DEFAULT GENERATION SERVICE

1. Availability

Default Generation Service ("Default Service") shall be available to (a) each Customer who formerly received Generation Service from Competitive Suppliers but, for any reason, has stopped receiving Generation Service from Competitive Suppliers; (b) each Customer that opens a new account with the Company after the Retail Access Date who is not receiving Generation Service from Competitive Suppliers; or (c) any Standard Offer Customer as of the date that Standard Offer Service is terminated who does not subsequently receive Generation Service from Competitive Suppliers.

2. Initiation of Default Service

2A. Next Scheduled Meter Read

Default Service may be initiated by a Customer upon the next scheduled meter read provided that notice was received by the Company, in accordance with Sections II.2A-C, above, five (5) or more business days before the next scheduled meter read date. There shall be no fee for initiating Default Service if such notice is given.

2B. Prior to Next Scheduled Meter Read

Default Service may be initiated by a Customer prior to the next scheduled meter read, in accordance with Section II.2A-C, above. Unless otherwise notified, the Company shall determine the Customer's electricity consumption from the date of the previous meter read to the date of initiation of Default Service by prorating the Customer's metered consumption from the date of the previous meter read to the date of the next meter read. There shall be no fee for initiating Default Service in this manner. Alternatively, a Customer may request that the Company perform an unscheduled meter read, for which the Customer will be charged a fee pursuant to Section 10, above. Under both alternatives, the Company shall initiate Default Service within five (5) business days of the notice of initiation.

2C. Involuntary Initiation

If a Customer is involuntarily switched to Default Service (i.e., switched without the Customer taking any action because, for example, the Customer's Competitive Supplier has gone out of business), the Company shall determine the Customer's electricity consumption from the date of the previous meter read to the date of initiation of Default Service by prorating the Customer's metered consumption (i.e., the consumption from the date of the previous meter read to the date of the next meter read). There shall be no fee

for initiating Default Service in this manner.

2D. Standard Offer Service Customers

Each Standard Offer Service Customer will be automatically moved to Default Service upon the expiration of the term for Standard Offer Service, at no charge.

2E. Returning to Default Service

There shall be no limit on the number of times that a Customer may initiate, or return to, Default Service.

3. Rates

Rates for Default Service shall reflect regional market prices. Customers shall have the option of choosing from the following three billing methods:

(a). Under the default billing option for Default Service (i.e., the option that will apply to all Customers unless a Customer notifies the Company otherwise), the hourly regional market prices shall be averaged over a Customer's monthly billing period. Under this billing option, Default Service prices will change monthly. The monthly prices shall be calculated after the fact, using (i) actual hourly regional market prices for the billing period, and (ii) load curves developed for each rate class.

(b). Under a second billing option, projected hourly regional market prices would be averaged over a three-month period. Under this billing option, Default Service prices will change quarterly. The quarterly prices shall be calculated prior to each quarter, using (i) projections of hourly regional market prices for the quarter, and (ii) load profiles developed for each rate class. Each Customer's monthly bill will indicate what the Default Service price and costs would have been if the Customer had selected the monthly billing option. Actual Default Service costs and revenue shall be fully reconciled for each Customer at the end of each three-month period.

(c). Under the third billing option, projected hourly regional market prices would be averaged over a year's time. Under this billing option, Default Service prices will change annually. The annual prices shall be calculated prior to each year using (i) projections of hourly regional market prices for the year, and (ii) load profiles developed for each rate class. Each Customer's monthly bill will indicate what the Default Service price and costs would have been if the Customer had selected the monthly billing option. Actual Default Service costs and revenue shall be fully reconciled for each Customer at the end of each year.

Customers choosing billing options (b) or (c) shall notify the Company in accordance with Sections II.2A-C, above.

4. Billing

The Company shall provide Default Service Customers with one bill reflecting unbundled charges for their electric service.

5. Termination of Default Service

5A. Next Scheduled Meter Read

Default Service may be terminated by a Customer upon the next scheduled meter read provided that notice of the change of Competitive Supplier was received by the Company, in accordance with Sections II.2A-C, above, five (5) or more business days before the next scheduled meter read date. There shall be no charge for terminating Default Service if such notice is given.

5B. Prior to Next Scheduled Meter Read

Default Service may be terminated by a Customer prior to the next scheduled meter read, in accordance with Sections II.2A-C, above. Unless otherwise notified, the Company shall determine the Customer's electricity consumption from the date of the previous meter read to the date of termination by prorating the Customer's metered consumption from the date of the previous meter read to the date of the next meter read. There shall be no fee for terminating Default Service in this manner. Alternatively, a Customer may request that the Company perform an unscheduled meter read, for which the Customer will be charged a fee pursuant to Section II.10, above. Under both alternatives, the Company shall terminate Default Service within five (5) business days of the notice of termination.

5C. Reconciliation of Default Service Costs

Upon the date of termination, Default Service costs incurred on a Customer's behalf and Default Service revenue collected from the Customer shall be fully reconciled.

V. INFORMATION REGARDING COMPETITIVE SUPPLIERS

1. The Company shall send to each Customer, on a quarterly basis, a list of Competitive Suppliers registered with the MDPU. The list will identify whether a Competitive Supplier is on probationary status or is prohibited from contracting with new Customers. The list will also identify any previously-registered Competitive Supplier that is no longer registered with the MDPU.

2. The Company shall not release a Customer's historic billing information to Competitive Suppliers unless the Customer provides the Company with specific authorization to do so. The Company will release this information only to Competitive Suppliers that are registered with the MDPU.

3. The Company shall offer the services necessary for a Customer to purchase Generation Service from a Competitive Supplier, provided that the Competitive Supplier is registered with the MDPU. The Company is prohibited from providing these services to a Competitive Supplier that is not registered with the Department. In addition, the Company is prohibited from providing these services to a Competitive Supplier for a new Customer if the Competitive Supplier is prohibited by the MDPU from contracting with new Customers.

4. The Company shall inform Customers, on their monthly bills, if their Competitive Supplier has been placed on probation or if their Competitive Supplier is prohibited by the MDPU from signing up new Customers.

5. The Company shall provide Customers with a single bill for electric service, except that Customers may request that their Competitive Suppliers provide separate bills for Generation Service.

APPENDICES

Appendix A: Fees and Charges

Appendix B: Line Extension Policy

ATTACHMENT II: TERMS & CONDITIONS FOR COMPETITIVE SUPPLIERS

1. Applicability

1A. The following Terms & Conditions shall apply to every registered Competitive Supplier authorized to do business within the Commonwealth of Massachusetts, and to every Customer doing business with said Competitive Suppliers.

1B. These Terms & Conditions may be revised, amended, supplemented or supplanted in whole or in part from time to time according to the procedures provided in MDPU regulations and Massachusetts law. In case of conflict between these Terms & Conditions and any orders or regulations of the MDPU, said orders or regulations shall govern.

1C. No agent or employee of the Company is authorized to orally modify any provision contained in these Terms & Conditions or to bind the Company to any promise or representation contrary thereto. Any such modification to these Terms & Conditions or any such promise contrary thereto shall be in writing, duly executed by an authorized officer of the Company, and subject in all cases to applicable statutes and to the orders and regulations of the MDPU.

2. Definitions

"Aggregator" shall mean an entity that groups electricity customers.

"Competitive Supplier" shall mean any entity, including aggregators, engaged in generating, buying, marketing, or brokering electricity and selling it to retail customers in Massachusetts, with the exception of a Distribution Company providing Standard Offer Service and Default Service to its distribution Customers.

"Customer" shall mean all persons, partnerships, corporations, or any other entities, whether public or private, taking electric service at a single point of delivery or meter location that are Customers of Record for the Company.

"Customer Delivery Point" shall mean the terminus of the Company's incoming service conductors located on the Customer's premises.

"Distribution Company" or "Company" shall mean an Electric Company organized under the laws of Massachusetts that provides Distribution Service in Massachusetts.

"ISO" shall mean the Independent System Operator of the New England bulk power system.

"NEPOOL" shall mean the New England Power Pool and its successors.

"NEPOOL PTF Facilities" shall mean pool transmission facilities rated 69KV or above owned by NEPOOL Participants and required to allow energy from significant power sources to move freely on the New England Transmission Network.

"Own-Load-Dispatch" shall mean the determination of the output level required of a NEPOOL Participant's generating entitlements in order to meet that Participant's stand-alone energy needs in the most economical manner.

"MDPU" shall mean the Massachusetts Department of Public Utilities.

"Terms & Conditions" shall mean these Terms and Conditions for Competitive Suppliers.

"Transmission Delivery Point" shall mean a location on the Company's transmission system where the Competitive Supplier delivers capacity and energy for a Customer.

3. Obligations of Parties

3A. Customer

A Customer will select one Competitive Supplier at any given time, or authorize an Aggregator (hereinafter, Competitive Supplier) to make the selection for the Customer. Customers must provide the selected Competitive Supplier with their applicable Company account number(s). Customers may only choose Competitive Suppliers who meet the terms described below and are registered with the MDPU.

3B. Distribution Company

The Company is responsible for providing local distribution services from the Transmission Delivery Point(s) to the Customer Delivery Point(s).

The Company will:

- (1) Arrange for or provide network transmission service on behalf of each Competitive Supplier to a Transmission Delivery Point, when appropriate;
- (2) Deliver power over distribution facilities to each Customer Delivery Point;
- (3) Provide customer service and support for Distribution Service and, if contracted by the Competitive Supplier, for Generation Service;
- (4) Respond to service interruptions or power quality problems;

- (5) Handle connections and terminations;
- (6) read meters;
- (7) Submit bills to Customers for Distribution Service and, if contracted by the Competitive Supplier, for Generation Service;
- (8) Address billing inquiries for the retail delivery services bill portion and, if contracted by the Competitive Supplier, the Generation Service portion;
- (9) Answer general questions about Distribution Service; and
- (10) Report Competitive Suppliers' loads, including Metering Voltage Adjustment Factor losses to the ISO.

3C. Competitive Supplier

1. The Competitive Supplier shall be responsible for providing firm, all-requirements service to meet each of its Customer's needs and to deliver the associated capacity and energy to a point or points on the Company's transmission system, as well as provide any and all necessary installed and operating reserves required to serve each Customer's load.

2. Each Competitive Supplier must meet the registration requirements established by law, be a member of NEPOOL⁴ and have an Own-Load Dispatch established within the NEPOOL billing system or have an agreement in place with

⁴ Membership in NEPOOL is open to:

any person or organization engaged in the electric power business (the generation and/or transmission and/or distribution of electricity for consumption by the public or the purchase, as principal or broker, of [electric energy and/or capacity] for resale at wholesale or retail) whether in the United States of America or Canada or a state or province or a political subdivision thereof or a duly established agency of any of them, a private corporation, a partnership, an individual, an electric cooperative or any other person or organization recognized in law as capable of owning property and contracting with respect thereto. No person or organization shall be deemed to be [eligible for membership] if the generation, transmission, or distribution of electricity by such person or organization is primarily conducted to provide electricity for consumption by such person or organization or [an affiliated person or organization]. Restated New England Power Pool Agreement (version dated December 26, 1996), § 1.18.

a NEPOOL member whereby the NEPOOL member agrees to include the load to be served by the Competitive Supplier in its Own-Load Dispatch.

Competitive Suppliers providing Generation Service to Customers from outside of NEPOOL will be responsible for any and all losses incurred on other transmission systems, which may also include losses on facilities linking generation to NEPOOL PTF Facilities.

3. The Competitive Supplier must provide the Company with the following information electronically in the Company's predetermined format at least five (5) working days prior to the commencement or termination of service by the Competitive Supplier:

- (a) The Customer's account number(s);
- (b) An identification number for the Competitive Supplier, or the Competitive Supplier's NEPOOL sponsor;
- (c) The Customer billing option, and;
- (d) The start or stop date of service.

Appendix A of these Terms and Conditions indicates the format in which this information must be presented.

4. A request by the Competitive Supplier to the Company that contains the Customer's account number and the type of customer authorization obtained pursuant to D.P.U. 96-100, Appendix A, Model Rule § 11.05(4) will be deemed as confirmation that the customer has consented to the enrollment or switch.

5. Changes in Generation Service normally will be made to coincide with the Customer's normal cycle meter read dates. A Customer changing from one Competitive Supplier to another will be charged an administrative fee (see Model terms and Conditions for Customers, Appendix A) by the Company. The Company will not impose a fee for a Customer moving from Standard Offer Service to a Competitive Generation Service.

If the Competitive Supplier informs the Company of any desired changes in electric service five (5) or more business days prior to the scheduled meter read date on which the change will become effective, there will be no additional charge for

reading the meter. If the Distribution Company is required to make an unscheduled meter read in order to accommodate a change in electric service, there will be an additional charge for reading the meter.

Appendix B of these Terms and Conditions specifies the administrative fee that will be charged to Competitive Suppliers for each transaction.

4. Service Standards

4A. Distribution Service Interruption

1. Planned Outages

The Company shall provide retail delivery service to each Customer. In the event that the loading of the distribution system, or a portion thereof, must be reduced for safe and reliable operation, such reduction in loading shall be proportionately allocated among all Customers whose load contributes to the need for the reduction when such proportional curtailments can be accommodated within acceptable operating practices.

2. Unplanned Outages

In the event of unplanned outages, service will be restored in accordance with standard business practices. When appropriate, service restoration shall be accomplished in accordance with the Company System Storm Emergency Plan on file with the MDPU.

3. Disconnection of Service

Should a Customer fail to pay the full amount due to the Company for Distribution Service, Default Service or Standard Offer Service, the Company may disconnect the Customer pursuant to the current procedures for disconnection which apply to Customers of the applicable rate class (see Section II.6 of Terms and Conditions for Distribution Service, Standard Offer Service and Default Service). The Company shall provide written notification to the Customer's Competitive Supplier of record five (5) business days prior to disconnection. Once disconnection occurs, Generation Service to the Customer is no longer the obligation of the Competitive Supplier. The Company shall not be liable for any and all revenue losses to the Competitive Supplier for Customers lost to any disconnection.

The Competitive Supplier may discontinue Generation Service in conformance with the specific Customer/Competitive Supplier Contract. Competitive Suppliers

shall provide the Company with written notice of intent to discontinue Competitive Generation Service five (5) or more business days prior to the Customer's scheduled meter read. Competitive Generation Service by the Competitive Supplier shall terminate upon the next scheduled meter read from the time of this written notice. Customers not physically disconnected from the local distribution system by the Company will become Default Service Customers of the Company.

4B. Authorization to Release Customer Information

Authorization by a Customer is required for the release of any of the Company's data specific to that Customer, including, but not limited to, Customer name, address, account number(s), service identifier(s), load and usage data.

The Company may charge a fee (see Appendix B) to any recipient for the release of this information.

4C. Metering

The Company shall meter each Customer. Should a change in metering be required at a Customer location for the Competitive Supplier's billing or the determination of the Competitive Supplier's Own-Load-Dispatch, the Company shall provide, install, test and maintain the required metering. The Competitive Supplier shall bear the cost of providing and installing the meter. Upon installation, the meter shall become the property of the Company and will be maintained by the Company. The Company shall complete installation of the meter, if reasonably possible, within 30 days of receiving a written request from the Competitive Supplier. The Company shall bill the Competitive Supplier upon installation.

Each Account shall be metered such that the loads can be reported to the ISO for inclusion in the Competitive Supplier's, or the Competitive Supplier's wholesale provider's, own-load dispatch.

5. Billings

The Company shall provide complete billing and customer services for Customers who receive Standard Offer or Default Service. The Company offers either Standard Complete Billing or Standard Passthrough Billing and also Optional Customer Services, described below, to Competitive Suppliers for their Customers.

Information exchange, problem resolution and revenue liability issues require that a service contract exist between a Competitive Supplier and the Company before these services start.

5A. Standard Passthrough Billing Service

If a Customer does not elect any type of billing service, this is the billing service that shall be used.

The Company shall issue a bill for Distribution Service to each Customer. The Competitive Supplier shall be responsible for separately billing Customers for the cost of Generation Service provided by the Competitive Supplier and for the collection of amounts due to the Competitive Supplier from the Customer.

The Company shall schedule meter reads on a monthly cycle. The Company shall make available to the Competitive Supplier an electronic file containing the applicable billing determinants and records of billing for each Customer. The format of the electronic file, and the manner in which the Competitive Supplier can retrieve the file, is detailed in Appendix C, "Customer Record Format (Passthrough Option)." Security measures shall be implemented to allow each Competitive Supplier permission to retrieve only its data.

5B. Standard Complete Billing Service

1. Billing Service

The Customer may elect to receive a single bill for electric service.

The Company shall schedule meter reads on a monthly cycle. The Company shall use the rates supplied by the Competitive Supplier to calculate the Competitive Supplier portion of Customer bills, and integrate this billing with its own billing in a single mailing to the Customer. The Company shall provide an electronic file for the Competitive Supplier that will, in addition to the usage being billed, contain the calculated billing amounts for the current bill cycle. The format of the electronic file, and the manner in which the Competitive Supplier can retrieve the file, is detailed in Appendix D, "Customer Usage Record Format (Complete Option)."

The Company offers this billing service for a fee, identified in Appendix E, "Charges for Service," provided the Competitive Supplier adheres to the customer classes and rate pricing structure as specified in the current retail delivery tariffs on file with the MDPU.

If a Competitive Supplier requests different customer classes or rate structures, the Company shall consider accommodating changes to the billing system at the Competitive Supplier's expense. The costs of making the designated changes shall be quoted by the Company to the Competitive Supplier prior to the start of

programming.

If a Customer pays the Company less than the full amount billed, the Company shall apply the payment first to Distribution Service and, if any payment is left over, to Generation Service.

Upon receipt of Customer payments, the Company shall provide a file for the Competitive Supplier summarizing all revenue from Competitive Supplier sales which have been received and recorded that day. The format of the electronic file, and the manner in which the Competitive Supplier can retrieve the file, is detailed in Appendix F, "Customer Payment Record Format." Appendix F also describes the manner in which Customer revenue due the Competitive Supplier will be transferred to the Competitive Supplier.

Existing Company service fees, such as interest charges for unpaid balances and bad checks charges, shall remain in effect and shall be assessed, as applicable, according to the Company's Terms and Conditions for Distribution Service, Standard Offer Service, and Default Service, applicable to all Customers. The cash posting sequence for Customer payments is detailed in Appendix G, "Competitive Supplier Cash Posting Sequence."

2. Summary Billing

The Company offers a Summary Billing option for Competitive Suppliers who have qualified Customers with multiple electric service accounts. Designed to consolidate multiple individual billings on a single bill format, this optional service allows Customers to pay multiple accounts with one check.

5C. Optional Customer Services

Upon request by a Competitive Supplier, the Company shall offer Customer Services to those Competitive Suppliers who elect the complete billing service.

These services include, but are not limited to, providing customer service representatives to answer phone calls from a Competitive Supplier's Customers. The Company shall provide a Competitive Supplier contracting for optional customer service with a unique toll free phone number which will be printed on the Competitive Supplier portion of the Customer's bill. Telephone calls will be answered using the appropriate Competitive Supplier's name and operators will be able to respond to a wide variety of call types.

Pricing for this optional service shall be customized to the Competitive Supplier's needs, and is dependent on the specific customer services required by the Competitive Supplier, the volume of Customer calls, requested coverage hours and/or the specific number of customer service representatives requested.

6. Generation Requirements

6A. Delivery Points

The Competitive Supplier shall be obligated to deliver the capacity and energy used by the Customer plus losses to a Transmission Delivery Point. The Competitive Supplier shall be obligated to arrange for and pay all costs associated with delivery of its capacity and energy to the Transmission Delivery Point(s).

The Company shall provide Distribution Service to deliver the power from the interconnection point to the Customer Delivery Point.

6B. Back-up Supply

Since the load for each Customer will be included in the Competitive Supplier's Own-Load Dispatch, the Competitive Supplier will be responsible for obtaining any back-up supply that it may need. This supply can be obtained from other supply sources or through service offered by the ISO to cover energy and/or capacity deficiencies.

6C. Losses

The Distribution Company shall be responsible for supplying power to compensate for all transmission and distribution system losses required to meet the load requirements of each Customer. The Distribution Company shall recover costs associated with supplying this power through its base rates.

6D. Own-load Dispatch

The Competitive Supplier, or host NEPOOL member, shall be required to include the load for each Customer it serves, including losses, in its Own-Load Dispatch.

Each day the Company shall normally report the previous day's adjusted hourly loads for each Competitive Supplier to the ISO. This is the load that the Competitive Supplier shall be obligated to include in its Own-Load Dispatch and is the amount it was required to have delivered to the Transmission Delivery Point(s).

7. Definition of Standard Units of Service

7A. Billing Demand

Units of billing demand shall be as defined in the Company's applicable tariff on file with the MDPU. These units are detailed in Appendix H.

7B. On-Peak / Off-Peak Period Definitions

The on-peak and off-peak periods shall be as defined in the Company's applicable tariff on file with the MDPU. These periods are detailed in Appendix I.

Competitive Suppliers may define on-peak and off-peak periods differently from those above; however, they will be required to make special metering arrangements with the Company to reflect different on-peak and off-peak definitions. Any costs incurred to provide the special metering arrangements shall be assigned to the Competitive Supplier.

8. Determination of Hourly Loads

8A. For each Competitive Supplier, hourly loads for each day shall be estimated and reported daily to the ISO for inclusion in the Competitive Supplier's Own-Load Dispatch. These hourly load estimates will be based upon average load profiles developed for each Customer class of the Company. The total hourly loads will be determined in accordance with the appropriate hourly load for the Company.

8B. The Company shall normally report the previous day's hourly adjusted loads at each applicable Transmission Delivery Point to the ISO by a specified time. This is the load which the Competitive Supplier shall be obligated to include in its own-load dispatch and is the amount it was required to have delivered to the Transmission Delivery Point(s). The ISO shall add this adjusted load to Competitive Supplier's other loads.

8C. To refine the estimates of the Competitive Suppliers' monthly KWH that result from the estimated hourly loads, a monthly calculation shall be performed to reconcile the original estimate of Competitive Supplier loads to actual Customer usage based on meter reads.

8D. The hourly loads shall determined consistent with the following steps:

- (1) The Company shall identify a load profile for each customer class for use in daily determinations of hourly load.

- (2) The Company shall calculate a factor for each Customer that accounts for the differences between individual Customers' loads and their class average loads, losses and primary metering configurations.
- (3) The Company shall develop preliminary estimates of hourly load profiles for the previous day for each Competitive Supplier. These estimates will be reconciled to the Company loads.
- (4) The Company shall adjust the preliminary estimates of Competitive Supplier load profiles so that the sum of the Competitive Supplier loads equals the hourly metered Company loads collected each day.
- (5) The Company shall refine estimates of the Competitive Supplier's monthly KWH with information available from Customers' monthly meter readings. This step will lag the daily estimation process by at least a month.

9. Liability and Indemnification

[Please propose language regarding liability and indemnification.]

TABLE OF APPENDICES

Appendix A: Customer Authorization Format

Appendix B: Supplier Administration Fees

Appendix C: Customer Record Format (Passthrough Option)

Appendix D: Customer Usage Record Format (Complete Option)

Appendix E: Charges for Service

Appendix F: Customer Payment Record Format

Appendix G: Supplier Cash Posting Sequence

Appendix H: Units of Billing Demand

Appendix I: On Peak/Off Peak Billing Periods